

## **Speaking Notes for the Commissioner**

### **2018-19 Supplementary Estimates “A”**

#### **A. \$827.3M for the procurement of three Viking medium icebreakers**

(Fleet Procurement \$825.6M + Fleet Maintenance \$1.7M)

This Supps A funding is required to procure the three Viking medium icebreakers procured from Chantier Davie in Levis, Quebec (\$825.6M) and to operate and maintain one of the vessels this fiscal year (\$1.7M).

With an average age of 36 years, CCG's large vessels are increasingly in need of replacement, as they reach and exceed the end of their service lives. CCG currently operates 9 large ships beyond a service life period the organization would normally envision for them.

In recent years, CCG ships such as heavy icebreakers CCGS Louis S. St Laurent and CCGS Terry Fox, as well as light icebreaker CCGS Ann Harvey have experienced various issues for which they have been out of service for different periods of time. Given the aged condition of CCG vessels, their repair work periods tend to take increasingly longer – especially when condition surveys find additional issues to fix – which directly affects CCG's capacity to deliver programs and services.

Demand for CCG icebreaking is on the rise due to prolonged ferry seasons in Eastern Canada, as well as unpredictable ice conditions, which are expected to continue to vary in the context of climate change.

CCG has reached a point where vessel breakdowns threaten its ability to keep Canada's waterways safe and the marine economy moving. Critical services that Canadians and Canada's shipping industry depend upon are becoming more vulnerable, including with respect to marine safety; icebreaking for the East Coast and Arctic economy, such as resupply of food, household goods, fuel, and construction material in remote regions; and national security (e.g. Arctic sovereignty).

## B. \$57.8M for the Canadian Coast Guard Offshore Oceanographic Science Vessel project

(Fleet Procurement \$57.8M)

This funding is required to complete the Offshore Oceanographic Science Vessel project's engineering and material procurement activities for 2018-19.

## C. \$2.7M for ER reimbursement claims received from polluters and the Ship-Source Oil Pollution Fund (SOPF)

(Fleet Operational Capability \$2.7M)

Coast Guard has the authority to recover costs associated with ship-source oil pollution; as per the Marine Liability Act and the polluter-pay-principle.

When the polluter is unknown or unable to pay, Coast Guard recovers these costs from the Ship-source Oil Pollution Fund; which is industry-funded.

This funding will offset expenditures including those incurred to respond to the following incidents:

Incident	Amount	Incident Occurred	Payment Received	Remark (receipt # and location)
Michipicoton M/V	5,076.99	30-Aug-15	15-Jan-18	SOPF; C&A
Floyd II F/V	10,598.42	02-Aug-17	15-Jan-18	SOPF; Atlantic
Timberland	7,868.84	14-Jan-17	15-Jan-18	SOPF; Western
Dawn Marie	12,044.30	08-Jan-16	15-Jan-18	SOPF; Western
Sea C-Strider	38,133.87	27-Dec-15	15-Jan-18	SOPF; Western
Lucas & Rebecca F/V	18,301.77	01-Jul-17	25-Jan-18	SOPF; Atlantic
BBC Maple Lea	1,421.22	15-Dec-15	25-Jan-18	SOPF; Atlantic
Seamee II	10,469.30	04-Mar-17	13-Feb-18	SOPF; Western
Tempest	15,160.47	07-Jan-16	28-Feb-18	SOPF, Western
Joyce's Journey	11,775.35	18-Dec-16	28-Feb-18	SOPF; Atlantic
Baccalieu Endeavour F/V	5,179.44	24-Apr-17	28-Feb-18	SOPF; Atlantic
Arca 1	56,878.61	08-Jan-17	06-Mar-18	SOPF; Atlantic
Baby Leeyn M/V	63,629.86	26-Nov-17	20-Dec-17	Ship owner; Atlantic
Warren L	30,014.79	7-Dec-15	02-May-18	SOPF; C&A
Central Isle	25,344.78	1-Jun-16	02-May-18	SOPF; Western
Viking I	134,694.56	10-Aug-16	24-May-18	SOPF; Western
Marathassa	2,027,940.44	09-Apr-15	29-May-18	SOPF; Western
Ryan Atlantic	18,339.53	25-Mar-17	29-May-18	SOPF; Atlantic
Norob F/V	13,662.43	22-Jun-16	29-May-18	SOPF; Western
Viki Lyne II	109,867.92	20-Jun-12	6-July-18	SOPF; Western
Silver King	115,240.52	23-Jun-14	6-July-18	SOPF; Western
<b>Total:</b>	<b>\$2,731,643.41</b>			

**Pages 3 to / à 31  
are withheld pursuant to section  
sont retenues en vertu de l'article**

**69(1)(g) re: (a)**

**of the Access to Information Act  
de la Loi sur l'accès à l'information**

**Background**

1. In February 2016, Davie submitted an unsolicited proposal for a "Fast Track Fleet Renewal Program" for the Canadian Coast Guard.
2. In November 2016, a Request for Information (RFI) was released to solicit information on options to address planned gaps in icebreaking services on an interim basis, including pricing and availability of vessels for charter. The RFI was clear in not constraining solution space. Follow-up meetings confirmed that all options – not just chartering – would be considered.
3. Through the RFI, which closed in February 2017, Coast Guard received 30 responses for interim icebreaking solutions.
  - a. Davie responded with a family of three "medium" icebreakers (TOR Viking Class)
  - b. Other responses for "medium" icebreakers involved building new icebreakers offshore that would then be leased to the Coast Guard
  - c. The RFI also confirmed that a competitive market exists for "light" icebreakers.

4.

5.

**Mandate**

6.

7.

8.

**SECRET**

## Negotiations

9. Coast Guard and Public Services and Procurement Canada (PSPC) met with Davie for the first time on Friday, January 19, 2018. The parties have spoken formally on four occasions.

s.20(1)(b) 10.

s.21(1)(b)

s.69(1)(g) re: (a)

11.

## Work for Davie

12. It is anticipated that conversion work for the Viking vessels would be sourced to Davie. This is estimated at [REDACTED] per ship, including work related to regulatory compliance, paint and preservation, docking, engine overhaul and limited upgrades.

## Conclusion

13.

14.

## Way Forward Options

**Pages 34 to / à 36  
are withheld pursuant to sections  
sont retenues en vertu des articles**

**69(1)(g) re: (c), 69(1)(g) re: (a)**

**of the Access to Information Act  
de la Loi sur l'accès à l'information**

**Pages 37 to / à 53  
are withheld pursuant to section  
sont retenues en vertu de l'article**

**69(1)(g) re: (a)**

**of the Access to Information Act  
de la Loi sur l'accès à l'information**